PARTNERING

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Public Law 105-85

National Defense Authorization Act for FY1998, or PL 105-85, Section 361, Centers of Industrial and Technical Excellence

- **New Sec. 2474 states the SECDEF shall designate each depot- level activity as a CITE in its recognized core competency**

- **Sec. 2474 (b) both identifies cooperative arrangements between public-private entities as a "public-private partnership," and enables said partnerships for the performance of depot-level maintenance and repair as well as**

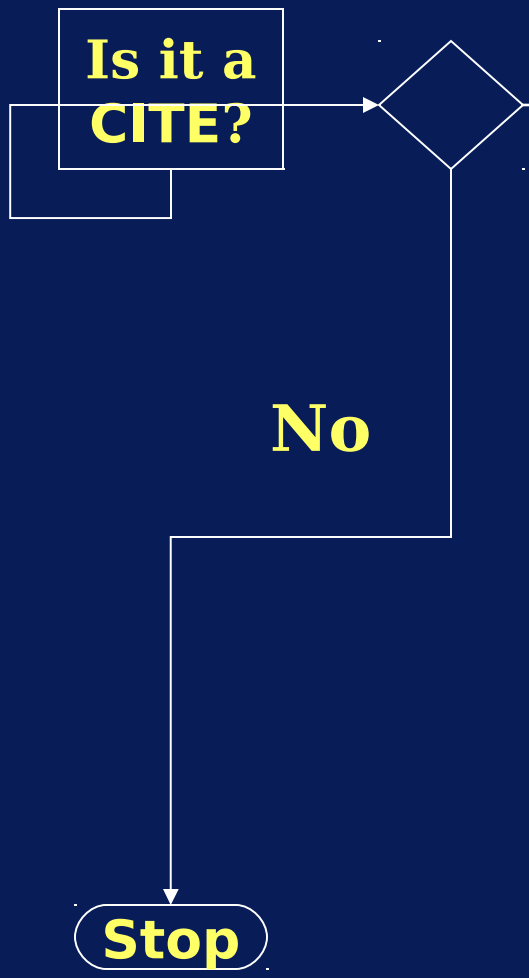
Public Law 105-85 (cont.)

- **Sec. 2474 (c) states amounts received by a Center for work performed under a public-private partnership shall be credited to the appropriation/fund, including working capital fund, incurring the cost of work performed**

- **Sec. 2474 (d) enables private partner, or lessee of excess equipment/facilities at a CITE, to perform additional work (subject to some limitations) outside types normally assigned to the Center**

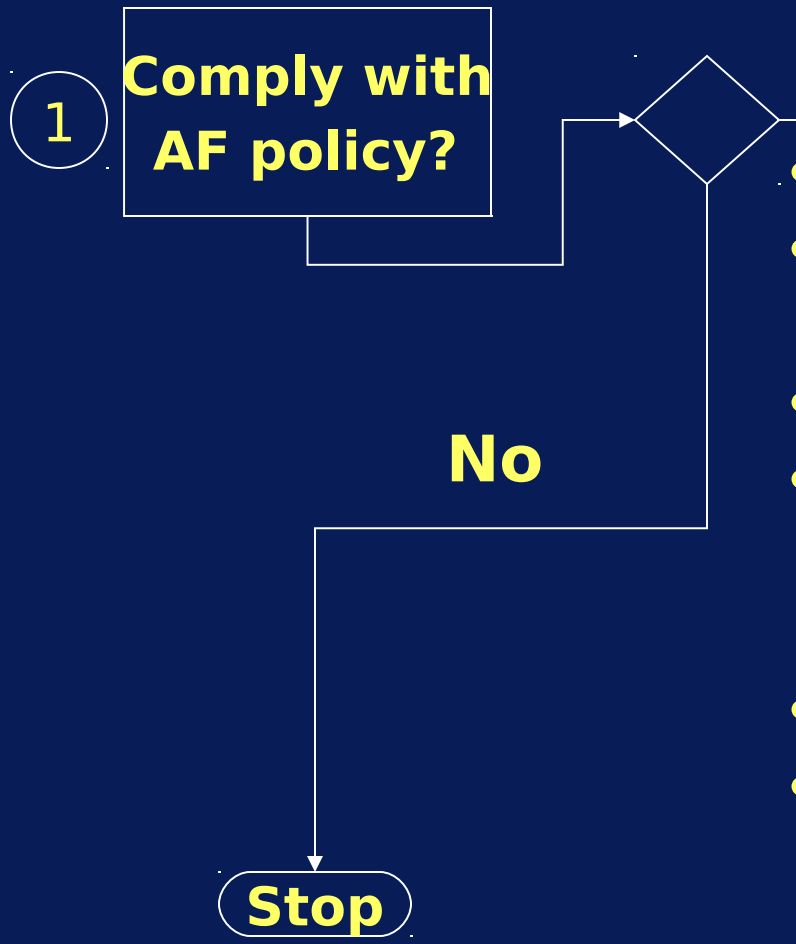
Partnership Decision Tree

Ogden Air Logistics Center



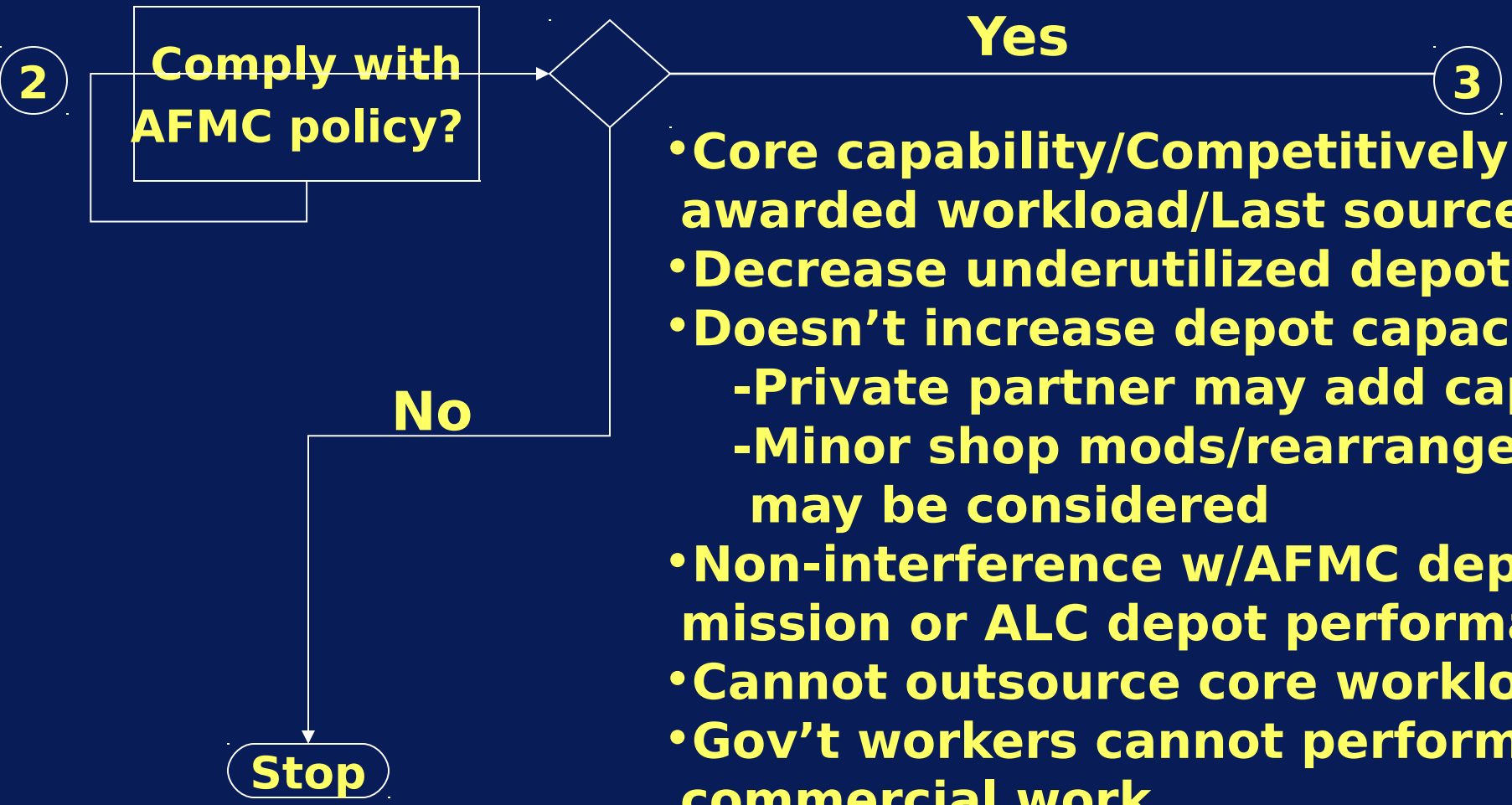
- Weapons
- Airmunitions & Nuclear Components
- Landing Gear
- Strategic Missiles
- Missile & Space Launch Vehicle Compo
- A/C (F16, A10, C-130 Reg)
- Photonics
- Electro/Mechanical SE
- Shelters
- Training/Simulation Equip
- Instruments/Displays
- Composites/Plastic Components & Fou
- Hydraulics/Pneudraulics/Pneumatics
- Software (Support local weapon syste

Partnership Decision Tree (cont.)



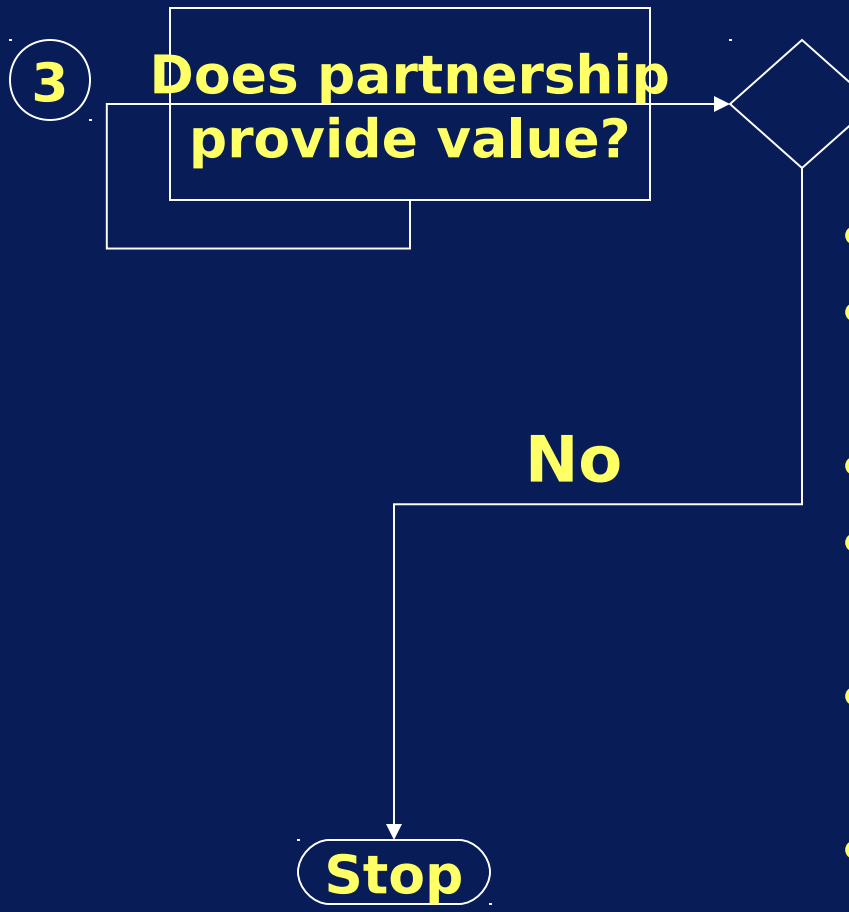
- AFMC/CC approval required
- Non-interference w/AF miss or depot performance
- Offsets depot partner's cost
- Efficient use of core capabil or decreases underutilized depot capacity
- Non-DoD work to be avoide
- Private partner agreement harmless/indemnify Gov't if or damage occurs using dep facilities/equipment to do commercial work

Partnership Decision Tree (cont.)



- Core capability/Competitively awarded workload/Last source
- Decrease underutilized depot cap
- Doesn't increase depot capacity
  - -Private partner may add capaci
  - -Minor shop mods/rearrangeme may be considered
- Non-interference w/AFMC depot's mission or ALC depot performanc
- Cannot outsource core workload
- Gov't workers cannot perform commercial work
- No new Management Info System

Partnership Decision Tree (cont.)



- Strategic value to both par
- Each party brings strength capabilities
- Win-Win benefit for both p
- Primary purpose is efficien of core capability
- Secondary purpose is to de underutilized depot capacit
- Offsets depot partner's cos
- Improves/adds joint depot
- Broadens depot support ba
- Trust

Other Considerations

- **Private partner selection process must be fair and equitable, but need not be FAR compliant**

- **Cost Comparability Handbook will be utilized to prepare estimate of depot partner's cost**

- **Annual report to AFMC/LGP required**

AFMC/CC Partnership Approval

Approval Package Guidelines

- **Submit package to AFMC/LG for processing thru**
  AFMC Business Board, AFMC/PK and JA

- **Approval package must address:**
  - **Impact(s) to capacity**
  - **Financial position**
  - **Rate structure**
  - **Readiness**
  - **Direct Product Actual Hours**
  - **Type of contractual arrangement**
  - **Risk analysis**

AFMC/Industry Partnering Meeting 18 Feb 98

- **Industry concerns/issues:**
  - **Public partner contract performance/liability**
  - ***Strong* desire to allow commercial work by government workers**
  - **Surge/mobilization impact on commercial work**
  - **Available business opportunities**
  - **Partner selection process**
  - **Proposal equity (No mgmt reserve/profit by public partner)**

Types & Aspects of Public-Private Relationships

Ogden Air Logistics Center

	Partnering	***Leasing Facilities/ Equipment***	***DoD Sales to DoD Contractors***	***DoD Sales to Commercial Industry***	***GOCO-Type Arrangement***	***DoD Sales to Commercial for FMS***	***GFE in COCO***	***CRDA***
When Would Apply	Underutilized core capacity after divestiture	Underutilized capacity	Prime contract open to public/private competition	Domestic nonavailability	>Underutilized capacity >Facility operation contracted	>FMS >Domestic nonavailability	Underutilized capacity	Federal labs and partner provide resources for R&D
Financial Implications	>Recover cost of performing work >Reimburse working capital fund	>Recover direct and indirect costs >Deposit to misc. receipts	>Recover direct and indirect costs >Deposit to misc. receipts	>Recover direct costs at a minimum >Reimburse working capital fund	Receive consideration based on benefit to the contract	>Recover direct and indirect costs >Reimburse working capital fund	Receive consideration based on benefit to the contract	>AFMC facility can receive money or resources >Reimburse program
Statutory Authority	10 USC 2474	10 USC 2471	10 USC 2208 (j)	10 USC 2553	10 USC 2461	10 USC 2770		15 USC 3710
Action Required	Command Implementation Policy and Procedures	Amend statute to reimburse working capital fund and other accounts incurring costs	>Revision of AFI 21-102 >Issue SECDEF regulation to reimburse working capital fund	>DFAS certification of accounting system >Establish fund for nonrecurring costs	>MEO analysis >Accounting for the benefit received by Govt and Contractor	None	None	None
Contract Vehicle	Similar to Other Transactions	Commercial Lease	Commercial Contract	Commercial Contract	FAR	Commercial Contract	FAR	CRDA